

## Fair Political Practices Commission

### Memorandum

**To:** Chairman Johnson, Commissioners Hodson, Huguenin, Leidigh, & Remy

**From:** William J. Lenkeit, Senior Commission Counsel  
Scott Hallabrin, General Counsel

**Subject:** Adoption of Proposed Amendments to Regulation 18946.4

**Date:** July 28, 2008

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**Proposed Commission Action and Staff Recommendation:** Adopt the proposed amendments to Regulation 18946.4 concerning fundraising events for nonprofit and political committees.

**Proposed Regulation:** The proposed amendments to Regulation 18946.4 would eliminate the “no value rule” for tickets to fundraising events for 501(c)(3) organizations (current subdivision (b)) and establish the same valuation rule for all nonprofit fundraisers (current subdivision (a)). The current valuation rule would then be modified to provide two valuation methods depending on whether or not the ticket was received from the organization itself. If the ticket was received directly from the organization the value of the ticket would be its face value less the amount allowable as a deduction under applicable tax law (proposed subdivision (a)(1)). If the ticket is provided by someone other than the organization, the value of the ticket would be its full face value (proposed subdivision (a)(2)).

The proposed amendments would also modify the rules for tickets to fundraisers for political committees (current subdivision (c)) by including tickets for fundraising events for federal campaign committees when the event is held in California. Additional changes (see italics) since the last prenotice meeting would also modify the valuation rule to conform to the proposed valuation methods for nonprofit organizations, i.e. different valuation depending on whether or not the ticket was received from the political committee or from an outside source.

**Reasons for Proposed Amendments:** The proposed amendments are offered to address situations where tickets to popular events, sometimes reaching values of several hundred dollars, are being provided to officials and, because of the current rule, these tickets are not subject to the gift limits or gift reporting rules. (For a more thorough discussion, see staff memoranda for prenotice discussion dated March 17, 2008, and May 30, 2008.) Additionally, the amendments will bring the regulation into conformity with the Act’s definition of, and rules applying to, gifts.